

Message Text

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E.O. 11652:GDS

TAGS: EIND, MTN, CA

SUBJECT: FLORENCE AGREEMENT

REFS: A) OTTAWA 00964; B) 77 OTTAWA 10605;
C) 77 OTTAWA 10437; D) 77 OTTAWA 08784;
E) 77 OTTAWA 7671; F) 77 STATE 181824;
G) 77 OTTAWA 6835

1. RECENTLY DEPARTMENT RECEIVED A FURTHER INQUIRY FROM
PRESIDENT OF ASSOCIATION OF AMERICAN PUBLISHERS (AAP)
TOWNSEND HOOPES, WITH REGARD TO INTENTIONS OF GOVERNMENT
OF CANADA (GOC) ON ADHERENCE TO FLORENCE AGREEMENT.

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HOOPES REFERRED TO REPORT THAT GOC WAS CONSIDERING REDUC-
TION OF TARIFF ON ENGLISH-LANGUAGE BOOKS TO ZERO FOR A
TRIAL PERIOD OF ONE TO TWO YEARS BUT APPARENTLY NO DATE
HAD BEEN SET FOR SUCH ACTION. HOOPES VIEWED THIS AS
INDICATING "SIGNIFICANT FURTHER DELAY" ON ANY GOC ACTION
REGARDING FLORENCE AGREEMENT. HOOPES ALSO REFERRED TO
;WARNING LANGUAGE" IN HOUSE-SENATE CONFERENCE REGARDING

THIS MATTER AND WONDERED WHETHER DEPARTMENT PLANNED TO TAKE ANY INITIATIVES ON THIS MATTER.

2. FOLLOWING IS EXCERPT FROM HOUSE-SENATE CONFERENCE REPORT (PAGES 80-81) REGARDING EXEMPTION FOR CANADA FROM

MANUFACTURING CLAUSE AND RELATIONSHIP TO FLORENCE AGREEMENT: "CANADA IS SPECIFICALLY EXEMPTED FROM THE PROVISIONS OF SECTION 60L, THE SO-CALLED "MANUFACTURING CLAUSE" OF THE BILL, AT LEAST UNTIL 1982. THIS EXEMPTION IS INCLUDED AS A RESULT OF AN AGREEMENT REACHED IN TORONTO IN 1968 AMONG REPRESENTATIVES OF AMERICAN AND CANADIAN PUBLISHERS, PRINTING TRADE UNIONS, AND BOOK MANUFACTURERS. UPON ADDITION OF THE CANADIAN EXEMPTION IN AMERICAN LEGISLATION, THAT AGREEMENT CONTEMPLATES CANADIAN ADOPTION OF THE FLORENCE AGREEMENT AND PROMPT JOINT ACTION TO REMOVE HIGH CANADIAN TARIFFS ON PRINTED MATTER AND THE REMOVAL OF OTHER CANADIAN RESTRAINTS ON PRINTING AND PUBLISHING TRADE BETWEEN THE TWO COUNTRIES, AS WELL AS RECIPROCAL PROMPT ACTION BY U.S. GROUPS TO REMOVE ANY REMAINING U.S. BARRIERS TO CANADIAN PRINTED MATTER. THE CANADIAN EXEMPTION IS INCLUDED IN SECTION 60I WITH THE EXPECTATION THAT THESE CHANGES WILL BE MADE. IF FOR ANY REASON CANADIAN TRADE GROUPS AND THE CANADIAN GOVERNMENT DO NOT MOVE PROMPTLY IN RECIPROCATATION WITH U.S. TRADE GROUPS AND THE UNITED STATES GOVERNMENT LIMITED OFFICIAL USE

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TO REMOVE SUCH TARIFF AND OTHER TRADE BARRIERS, WE WOULD EXPECT CONGRESS TO REMOVE THE CANADIAN EXEMPTION."

3. DEPARTMENT AND COPYRIGHT OFFICE HAVE NOTED LACK OF PROGRESS AND, IN FACT, RETROGRESSION REGARDING GOC ADHERENCE TO FLORENCE AGREEMENT SINCE GUARDEDLY OPTIMISTIC VIEWS OF GOC OFFICIALS ABOUT ADHERENCE BY JANUARY 1, 1978 AS REPORTED IN REFTELS F, D, AND C. THUS, REFTEL B STATES "EARLIEST DATE GOC OFFICIAL ESTIMATED FURTHER ACTION MIGHT BE TAKEN WAS EARLY FEBRUARY 1978 AND REFTEL A REPORTS THAT "GOC RATIFICATION OF FLORENCE CONVENTION IS STILL IN DISTANT FUTURE."

4. REFTEL A FURTHER REPORTS, ON BASIS OF DISCUSSION WITH EXTAFF OFFICIALS, THAT GOC IS "EXPECTED TO REDUCE TARIFF ON ENGLISH-LANGUAGE BOOKS TO ZERO, AND MONITOR EFFECTS FOR UP TO ONE OR TWO YEARS BEFORE MAKING FINAL DECISION ON RATIFICATION." AS TO THE SPECULATION OF EXTAFF OFFICIALS THAT TARIFF REDUCTION COULD BE INCLUDED IN NEXT FEDERAL BUDGET ABOUT MARCH 31, 1978, WE UNDERSTAND THAT THE ITEM WAS NOT REPEAT NOT INCLUDED IN THE BUDGET. IN THIS CONNECTION, WE HAVE NOTED A JOINT STATE-

MENT ON GOC ADHERENCE TO FLORENCE AGREEMENT FROM CANADIAN BOOK TRADE AND BOOK MANUFACTURING INDUSTRY, DATED DECEMBER 9, 1977, TO EXTAFF MINISTER JAMESON WHICH MAKES, INTER ALIA, THE FOLLOWING POINTS:

(A) GOC SHOULD, AT THE PRESENT TIME, CONSIDER ONLY THE QUESTION OF ZERO-RATING THE TARIFF FOR A THREE-YEAR

TRIAL PERIOD ON ITEMS I AND VII OF APPENDIX A OF FLORENCE AGREEMENT, THAT IS, (I) PRINTED BOOKS AND (VIII) CATALOGUES OF BOOKS AND PUBLICATIONS, BEING BOOKS AND PUBLICATIONS OFFERED FOR SALE BY PUBLISHERS OR BOOKSELLERS ESTABLISHED OUTSIDE THE COUNTRY OF IMPORTATION.

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(B) GOC SHOULD "WORK WITH BOOK TRADE AND MANUFACTURING INDUSTRY TO ESTABLISH PRIOR TO ZERO-RATING THE TARIFF, AN ACCEPTABLE DATA BASE AGAINST WHICH TO MEASURE THE RESULTS, AND THAT, IF POSSIBLE, THIS DATA BASE BE DEVELOPED SOON ENOUGH FOR ZERO-RATING TO BEGIN JANUARY 1, 1979 BUT THAT, IN ANY CASE, THE TRIAL PERIOD BEGINS NOT LATER THAN JANUARY 1, 1980." (WE HAVE NOTED THAT FIVE OF THE GROUPS WHICH SIGNED THE SO-CALLED "TORONTO AGREEMENT" OF FEBRUARY 1968, SUPPORTED THE FOREGOING JOINT STATEMENT WHICH HAS THE EFFECT OF POSTPONING GOC ADHERENCE TO THE FLORENCE AGREEMENT INDEFINITELY.) FURTHER, AT A RECENT MEETING OF DEPARTMENT'S INTERNATIONAL COPYRIGHT PANEL, WHICH CONTAINS REPRESENTATIVES OF VARIOUS U.S. COPYRIGHT GROUPS INCLUDING ASSOCIATION OF AMERICAN PUBLISHERS (AAP) AND PUBLISHERS OUTSIDE AAP, STRONG DOUBTS WERE EXPRESSED BY SOME PANEL MEMBERS ON THE BASIS OF INFORMATION FROM A CANADIAN SOURCE AS TO SERIOUSNESS OF GOC INTENTIONS TO REDUCE TARIFF TO ZERO ON BOOKS.

5. IF GOC ADHERENCE TO FLORENCE AGREEMENT "IS STILL IN DISTANT FUTURE" AND IF ZERO-RATING THE TARIFF ON BOOKS IS DELAYED A YEAR OR TWO, DEPARTMENT AND COPYRIGHT OFFICE BELIEVE THAT THESE DEVELOPMENTS WILL CERTAINLY AROUSE CONGRESSIONAL INTEREST AND DIRECT ATTENTION OF CONGRESS TO FACT THAT CANADA HAS NOT IMPLEMENTED ITS PART OF "TORONTO AGREEMENT". (WE RECOGNIZE THAT "TORONTO AGREEMENT" WAS U.S.-CANADIAN PUBLISHING AND BOOK PRINTING INDUSTRY AGREEMENT BUT WOULD POINT OUT THAT U.S.G. HAS GIVEN FORCE OF LAW TO THIS AGREEMENT BY ENACTING EXCEPTION FOR CANADA UNDER MANUFACTURING CLAUSE. IN THIS CONNECTION IT IS NOTED THAT A REPRESENTATIVE OF U.S. GROUPS REPRESENTED AT THE TORONTO MEETING IN A LIMITED OFFICIAL USE

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LETTER TO THE CONGRESS IN APRIL 1968, URGED THAT CANADA BE EXEMPTED FROM THE MANUFACTURING CLAUSE. FURTHER, THE CONGRESS IN ITS CONFERENCE REPORT OF SEPTEMBER 1976 ON THE PROPOSED COPYRIGHT LAW STATED THAT "THIS EXEMPTION IS INCLUDED AS A RESULT OF AN AGREEMENT REACHED IN TORONTO AMONG REPRESENTATIVES OF AMERICAN AND CANADIAN PUBLISHERS, PRINTING TRADE UNIONS, AND BOOK MANUFACTURERS.") IT IS NOT INCONCEIVABLE THAT THE CONGRESS WILL MOVE TO REMOVE THE EXEMPTION FOR CANADA IN VIEW OF THE "WARNING LANGUAGE" QUOTED IN PARA 2 ABOVE.

6. ACTION REQUESTED: EMBASSY IS REQUESTED TO TAKE UP THIS MATTER WITH GOC AT APPROPRIATE LEVEL REFERRING TO ANY OF ABOVE INFORMATION THAT MAY BE USEFUL TO MAKE CENTRAL POINT THAT U. S. CONGRESS FOLLOWED THROUGH ON COMMITMENT MADE BY U.S. PUBLISHING AND BOOK MANUFACTURING GROUPS TO SUPPORT EXEMPTION FOR CANADA FROM MANUFACTURING CLAUSE. ON THE OTHER SIDE OF THE COIN, IT IS MOST RELEVANT TO NOTE THAT TO DATE CANADIAN PUBLISHING AND BOOK MANUFACTURING GROUPS HAVE CLEARLY NOT SUPPORTED CANADIAN ADHERENCE TO FLORENCE AGREEMENT BUT RATHER HAVE PROPOSED ZERO-RATING THE TARIFF FOR BOOKS FOR A THREE-YEAR TRIAL PERIOD TO BEGIN AT AN INDEFINITE FUTURE DATE. VAN

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